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Taiwan

Oilseeds and Products

Annual

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Approved by:
Jonathan P. Gressel
American Institute In Taiwan
Prepared by:
Chiou Mey Perng

Report Highlights:
Feed demand and, therefore, soybean imports are expected to drop slightly in 2000/01 and 2001/02 to 2.35 and 2.30 MMT, respectively, due to current low market prices for pork and chicken and the eventual increased market opening for chicken meat imports after Taiwan joins the WTO. The U.S. should maintain it's traditional 85 percent market share. Taiwan plans to require pre-marketing registration for bioengineered commodities, but regulations are not yet developed. Soybean oil holds a 70 percent share of the domestic vegetable oil market. The domestic soybean oil price is competitive with imported soybean oil and palm oil as Taiwan's soybean oil production is driven by meal demand.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Oilseeds and Products
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SECTION I. SITUATION AND OUTLOOK
Oilseeds Situation and Outlook

Post forecasts soybean demand will drop slightly in 2000/01 and 2001/02 as feed demand drops due to current low pork and chicken prices and with somewhat increased meat and poultry imports after Taiwan joins the WTO. Potentially, Taiwan could increase demand for soybeans, if post-WTO accession plans for exporting soybean meal and oil to Mainland China are realized. Over the past three years, local soybean crushing industry representatives have visited China seeking marketing alliances with Mainland oilseed crushers. Taiwan crushers are optimistic about the potential for supplying the China market, but post discounts this possibility until actual trade occurs, given what we understand to be a build-up in crushing capacity in the PRC.

Virtually all soybeans consumed on Taiwan are imported. Taiwan soybean imports are driven by the hog and poultry sectors. Food use, mainly in the form of tofu and soy milk, remains unchanged at 270,000 metric tons. Reportedly, Taiwan's soy food consumption is considered among the world's highest. In 1999/2000, soybean imports increased 284 TMT to 2.4 MMT, due to a 10 percent increase in swine and poultry production. The United States enjoyed an 88 percent market share; and South American countries an 11 percent share.

Approximately 2,000 MT of non-GM food soybeans from various country origins were imported. According to the American Soybean Association Taipei Office, the U.S. supplied 800 MT of identity-preserved, non-GM soybeans to Taiwan in 1999/00. Post forecasts that imports of non-GM soybeans for food uses will increase to approximately to 3,000 MT in 2001. While some environmental and consumer groups have raised questions over bioengineered foods, consumer concerns have not yet reached a point where food processors are making a wholesale switch to non-GM beans. A well-organized effort on consumer food safety education would likely reduce future demands for non-biotech foods by most Taiwan consumers.

Taiwan plans to require pre-marketing registration and labeling of bioengineered food products. Currently, Taiwan accepts U.S. and other advanced country approvals as a basis for marketing. The Food Sanitation Bureau of the Department of Health (FSB) plans to announce the "Guidelines for Safety Assessment of Biotech Food Products" for pre-marketing registration in early 2001. The FSB has indicated soybeans and corn are the top priority for pre-marketing registration. Biotech soybean seed companies will be required to submit to the FSB risk assessment data for registration of biotech food crops. FSB has indicated that data package requirements will be the same as for the U.S. and other advanced countries.

Taiwan also tentatively plans to implement voluntary labeling regulations for non-GM or GM-free foods in January 2001 and mandatory labeling for bioengineered foods in stages over the next two to four years, beginning in 2003. The FSB proposes that, initially, mandatory labeling will be required only for raw food soybeans and soy meal, and raw food corn and corn meal at the retail level. By 2005, all retail food products containing bioengineered ingredients must be labeled, but a 5 percent tolerance for GM varieties will be allowed. Currently, local soy food manufacturers, distributors, and retailers are organizing a non-GM soy food industry association in an attempt to segregate the soy food market.

Oilmeal Situation and Outlook

Taiwan's soybean meal demand is virtually all met with domestically crushed meal from imported soybeans. Soybean meal imports represent only 4 percent of 1999/2000 total consumption. Soybean meal production/consumption in 1999/2000 increased 10 percent from a year earlier due to an increase in feed demand which was driven by production increases in swine and poultry sectors. However, current relatively low prevailing prices for pork and chicken meat are likely to reduce feed demand slightly in 2000/01. Soybean meal production/consumption are expected to remain stable until Taiwan accedes the WTO, currently expected in late Spring or early Summer. Initially, the WTO accession impact on feed demand will likely be minimal, as Tariff Rate Quota imports of chicken meat will only increase about 9,000 MT per year from 2002 to 2004, after which imports will be fully liberalized. However, post expects local poultry producers may initially overreact and cut back production, further reducing feed demand.

Taiwan's soybean crushing industry has been consolidated into five crushing plants, with annual capacity of 2.75 MMT. The top two crushers have an 85 percent market share and remain competitive with imported meal. Products of domestically crushed soybean meal are diversified. Approximately 200 TMT of full fat meal and 220 TMT of dehulled meal were produced in 1999/2000. Full fat meal and dehulled meal are primarily used in piglet and poultry feed rations. Consequently, full fat and dehulled meal production are expected to remain at the current level. Post estimates of meal and oil extraction rates include full fat meal and dehulled meal production.
Taiwan's demand for fish meal is around 300 TMT at the current feed production level. Fish meal demand is generally met with imports. Domestic fish meal production is small, with normal production level at 17 TMT. Import of fish meal fluctuates with the world price level. The actual inclusion rate of fish meal in feed rations ranged from 2 percent to 4 percent. Taiwan imported 165 TMT of fish meal in CY1998 and 288 TMT in CY1999. The average CIF price was $709/MT in CY1998, compared with $532/MT in CY1999. In CY2000, fish meal imports should reach 300 TMT due to a lower world prices. From January thru August 2000 imported fish meal cost $496/MT, CIF basis.

Taiwan's feed rations also include other protein meals. The feed inclusion rate of meat and bone meal, corn gluten meal, and rape seed meal was 1 percent each, and was between 1 percent to 2 percent for all other oil-seed meals combined. Virtually all protein meals other than soybean meal are imported. Fish meal and other protein meals are not significant market competitors to soybean meal which accounts for 21 percent of feed rations.

Oil Situation and Outlook

Taiwan's vegetable oil demand is normally expected to increase about 1 percent per annum based on a 0.7 percent population growth rate and the already relatively high level of per capita oils and fats consumption (at 26.52 Kg in 1999) . Total vegetable oil supply in 1999 was estimated at 541,000 metric tons, an increase of 7 percent over a year earlier. The increase vegetable oil supply was primarily attributed to increased imports of canola oil and sunflower oil. However, importers appear to have overestimated the popularity of these oils, as reflected in hefty price discounts on the retail level.

There are three segments in the Taiwan vegetable oil market: 1) market leaders: soybean oil and palm oil, with market share of 70% and 12%, respectively; 2) new-to-market: olive, canola, corn oil, and sunflower oil, with a combined 15% share; and 3) traditional Chinese: peanut and sesame oil, with a combined 3% share. Taiwan's vegetable oil demand remains stable for the market leaders and traditional Chinese oils. This is because market leaders are primarily used in the HRI and processing sectors, while traditional Chinese oils are used in traditional cuisine, and therefore are unlikely to be replaced by other oils. Soybean oil demand is about 380 TMT with 85 percent to 90 percent from local crushers. The domestic soybean oil price has remained competitive with imported palm and soy oils as domestic soybean oil production is driven by meal demand. Domestic soybean oil production in 1999/2000 increased 23 TMT in line with increased demand for soybean meal. The increase in domestic soybean oil production contributed to an approximately equivalent decrease in 1999/2000 soybean oil imports. Argentina is the major soybean oil supplier to Taiwan. With the exception of traditional Chinese oils and soybean oil, other oils are supplied by imports.

In 1999, canola oil imports increased two-fold to 33 TMT, and sunflower oil increased 50 percent to 32 TMT as compared to a year earlier. The import increase of canola and sunflower oil was due to increasing health concerns of local consumers. In order to compete with imported commercially packaged new-to-market oils, soybean importers/crushers have started mixing soybean oil with new-to-market oils to produce vegetable oil blends which have similar health benefits of other new-to-market oils. New-to-market oils imports in 2000 and 2001 are not expected to increase significantly as new-to-market oils are for household consumption, while out-of-home dining is very popular on Taiwan.

SECTION II. STATISTICAL TABLES

Table 1. Total Soybean Production, Supply and Distribution

PSD Table						
Country	Taiwan					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	1	0	0	0	0	0
Area Harvested	1	0	1	0	0	0
Beginning Stocks	99	99	121	139	133	139
Production	2	0	2	0	0	0
MY Imports	2300	2408	2350	2350	0	2300
MY Imp. from U.S.	1950	2131	1950	1998	0	1955
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2401	2507	2473	2489	133	2439
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1990	2083	2050	2065	0	2015
Food Use Dom. Consump.	275	270	275	270	0	270
Feed,Seed,Waste Dm.Cn.	15	15	15	15	0	15
TOTAL Dom. Consumption	2280	2368	2340	2350	0	2300
Ending Stocks	121	139	133	139	0	139
TOTAL DISTRIBUTION	2401	2507	2473	2489	0	2439
Calendar Year Imports	2100	2354	0	2350	0	2300
Calendar Yr Imp. U.S.	2000	2212	0	1998	0	1955
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 2. Total Soybean Meal Production, Supply and Distribution

PSD Table						
Country	Taiwan					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	1990	2083	2050	2065	0	2015
Extr. Rate, 999.9999	0.794975	0.772924	0.795122	0.773366	0	0.772705
Beginning Stocks	39	14	39	22	39	22
Production	1582	1610	1630	1597	0	1557
MY Imports	45	73	50	50	0	50
MY Imp. from U.S.	0	40	0	28	0	28
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1666	1697	1719	1669	39	1629
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	10	13	10	13	0	13
Feed Waste Dom. Consum	1617	1662	1670	1634	0	1594
TOTAL Dom. Consumption	1627	1675	1680	1647	0	1607
Ending Stocks	39	22	39	22	0	22
TOTAL DISTRIBUTION	1666	1697	1719	1669	0	1629
Calendar Year Imports	0	40	0	50	0	50
Calendar Yr Imp. U.S.	0	13	0	28	0	28
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 3. Total Soybean Oil Production, Supply and Distribution

PSD Table						
Country	Taiwan					
Commodity	Oil, Soybean				(1000 MT)(PERCENT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	1990	2083	2050	2065	0	2015
Extr. Rate, 999.9999	0.165829	0.162746	0.165854	0.162712	0	0.162283
Beginning Stocks	94	133	80	117	60	103
Production	330	339	340	336	0	327
MY Imports	60	41	50	46	0	55
MY Imp. from U.S.	20	0	0	5	0	5
MY Imp. from the EC	0	1	0	0	0	0
TOTAL SUPPLY	484	513	470	499	60	485
MY Exports	2	1	0	1	0	1
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	15	15	15	15	0	15
Food Use Dom. Consump.	387	380	395	380	0	380
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	402	395	410	395	0	395
Ending Stocks	80	117	60	103	0	89
TOTAL DISTRIBUTION	484	513	470	499	0	485
Calendar Year Imports	0	75	0	46	0	55
Calendar Yr Imp. U.S.	0	23	0	5	0	5
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 4. Soybean Import Matrix for 1999/2000

Import Trade Matrix			
Country	Taiwan		
Commodity	Oilseed, Soybean		
Time period	10/1999	Units:	1,000 MT
Imports for:	1999		2000
U.S.	2131	U.S.	1998
Others		Others	
Brazil	185	S. American	349
Argentina	65		
Urugay	19		
Paraguay	6		
Total for Others	275		349
Others not Listed	2		3
Grand Total	2408		2350

Table 5. Soybean Meal Import Matrix for 1999/2000

Import Trade Matrix			
Country	Taiwan		
Commodity	Meal, Soybean		
Time period	10/1999	Units:	1,000 MT
Imports for:	1999		2000
U.S.	40	U.S.	28
Others		Others	
India	33	India	22
Total for Others	33		22

Others not Listed	1		
Grand Total	74		50

Table 6. Soybean Oil Import Matrix for 1999/2000

Import Trade Matrix			
Country	Taiwan		
Commodity	Oil, Soybean		
Time period	10/1999	Units:	1,000 MT
Imports for:	1999		2000
U.S.	0	U.S.	5
Others		Others	
Argentina	24	Argentina	30
Philippines	13	Philippines	15
Brazil	2		
Netherlands	1		
Paraguay	1		
Total for Others	41		45
Others not Listed			5
Grand Total	41		55

Table 7. Soybean prices at Kaohsiung Port

Prices Table			
Country	Taiwan		
Commodity	Oilseed, Soybean		
Prices in	NT$	per uom	100 KG
Year	1999	2000	% Change
Jan	817	729	-10.77%
Feb	812	745	-8.25%
Mar	788	741	-5.96%
Apr	755	750	-0.66%

May	739	755	2.17%
Jun	718	753	4.87%
Jul	685	735	7.30%
Aug	694	719	3.60%
Sep	760	739	-2.76%
Oct	737	747	1.36%
Nov	731		-100.00%
Dec	724		-100.00%
Exchange Rate	33.15	Local currency/US $	

Table 8. Soybean Meal Prices at Crushers

Prices Table			
Country	Taiwan		
Commodity	Meal, Soybean		
Prices in	NT$	per uom	100 KG
Year	1999	2000	% Change
Jan	663	738	11.31%
Feb	653	738	13.02%
Mar	644	742	15.22%
Apr	663	762	14.93%
May	652	755	15.80%
Jun	639	757	18.47%
Jul	650	748	15.08%
Aug	691	743	7.53%
Sep	757	758	0.13%
Oct	764	760	-0.52%
Nov	760		-100.00%
Dec	752		-100.00%

Exchange Rate	33.15	Local currency/US $	

Table 9. Soybean Oil Prices at Crushers

Prices Table			
Country	Taiwan		
Commodity	Oil, Soybean		
Prices in	NT$	per uom	100 KG
Year	1999	2000	% Change
Jan	2665	1800	-32.46%
Feb	2561	1771	-30.85%
Mar	2427	1694	-30.20%
Apr	2218	1643	-25.92%
May	2062	1710	-17.07%
Jun	1937	1664	-14.09%
Jul	1847	1606	-13.05%
Aug	1833	1479	-19.31%
Sep	1868	1467	-21.47%
Oct	1837	1465	-20.25%
Nov	1798		-100.00%
Dec	1803		-100.00%
Exchange Rate	33.15	Local currency/US $	

Table 10. Tariff Rates for Edible Oils and Oil Seeds

HS Code	Oil	Current Tariff (%)
1201.00	Soybeans	0
1507.10 & 1507.90	Soybean Oil	6
1513.21.10 & 1513.29.10	Palm Kernel Oil	1.25
1511.10 & 1511.90	Palm Oil	2.5
1513.11 &1513.19	Coconut Oil	3
1509.10 & 1509.90	Olive Oil	5
1205.00.10	Rape Seeds*	3.5
1514.10 & 1514.90	Rape (Canola) Oil*	6
1515.21 & 1515.29	Corn Oil	7.5
1207.60.00	Safflower Seeds	9
1512.11 & 1512.19	Safflower Oil	12.5
1206.00.00	Sunflower Seeds*	11
1512.11.10	Sunflower Oil (Crude)*	15
1512.19.10	Sunflower Oil (Refined)	15
	Source: Taiwan Customs Tariff Schedule * temporary tariff rate	

FEED DEMAND STRATEGIC INDICATOR TABLES FOR [TAIWAN]

MEAT PRODUCTION (in 1,000 metric tons)

Calendar Year:	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Poultry				
Poultry Meat:	728	699	730	730
Eggs:	7,678	7,250	7,700	7,700
Pork:	892	822	895	885

COMPOUND FEED SECTOR (in 1,000 metric tons)

Calendar Year:	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Compound Feed Capacity	26,000	26,000	26,000	26,000
Total Compound Feed Produced	7,281	6,969	7,550	7,500
------ by integrated producers	5,014	4,539	4,910	4,875
------ by commercial producers	2,267	2,430	2,640	2,625

FEED GRAIN USE (in 1,000 metric tons)

Marketing Year:	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Corn (Domestic consumption: feed)	4,600	4,545	4,545	4545
Other (for wet milling)	300	300	250	250

PROTEIN - ENERGY USAGE (in 1,000 metric tons)

Marketing Year:	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Total Protein Meal (feed waste domestic consumption)	1,998	2,266	2,200	2,200
Soy Bean Meal (feed waste domestic consumption)	1,515	1,662	1,594	1,594
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)				
Fish Meal	171	304	300	300
Palm Crude Oil (feed waste domestic consumption)	1	1	1	1
Meat and Bone Meal	69	70	70	70

TRADE (in 1,000 metric tons)

Calendar Year:	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Corn				
Imports:	4,758	4,823	5,000	5,000
Exports:	0	0	0	0
Soy Beans				
Imports:	2,002	2,354	2,300	2,300
Exports:	0	0	0	0
Soy Bean Meal				
Imports:	12	37	30	30
Exports:	0	0	0	0

Fish Meal				
Imports:	165	288	300	300
Exports:	0	0	0	0
Palm Crude Oil				
Imports:	1	1	1	1
Exports:		0	0	0

PROTEIN PRODUCTS TARIFFS AND TAXES **Report Year:**	**Product Description 1/**	**Bound Rate (%)**	**Applied Rate (%)**	**Other Import Taxes/Fees**
0505.90.20.10	FEATHER MEAL	**2.5**	**0.0**	**0**
1501.00.00.60	YELLOW GREASE	25.0	25.0	0
1502.00.00.40	INEDIBLE TALLOW	2.5	1.0	0
1511	PALM OIL	5.0	2.5	0
1518.00.90.00	ANML/VG FTS &OILS	15.0	10.0	0
2301.10	MEAT AND BONE MEAL	0.0	0.0	
2301.20	FISH MEAL	0.0	0.0	0
2304	SOYBEAN MEAL	0.0	0.0	0